

2005 DRAFTING REQUEST**Bill**Received: **12/02/2005**Received By: **csundber**Wanted: **As time permits**

Identical to LRB:

For: **Ted Kanavas (608) 266-9174**By/Representing: **Shawn Lundie**This file may be shown to any legislator: **NO**Drafter: **csundber**

May Contact:

Addl. Drafters: **jkreye**
mshoversSubject: **Econ. Development - bus. dev.**

Extra Copies:

Submit via email: **YES**Requester's email: **Sen.Kanavas@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Film Wisconsin

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	csundber 12/02/2005						S&L Tax
/P1	jkreye 12/19/2005	lkunkel 12/28/2005	chaugen 12/28/2005		sbasford 12/28/2005		S&L
/P2	jkreye 01/04/2006	lkunkel 01/10/2006	pgreensl 01/11/2006		lemery 01/18/2006		S&L
	jkreye	lkunkel	rschluet				

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	01/11/2006	01/18/2006	01/18/2006	_____			
	mshovers	lkunkel		_____			
	01/13/2006	01/23/2006		_____			
	jkreye			_____			
	01/13/2006			_____			
	jkreye			_____			
	01/23/2006			_____			
/1			chaugen	_____	sbasford	sbasford	
			01/23/2006	_____	01/23/2006	01/23/2006	

FE Sent For:

"1" 2/2/06 James

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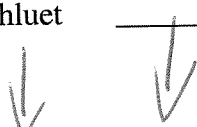
Film Wisconsin

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Handwritten notes: 1/mk 1/23, Ch 1-23, poll

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p2lmk 1/10

1186
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/?	csundber	/pl lmk 12/22 ch 12/28 ch 12/28 12/28 12/28					

FE Sent For:

<END>

Sundberg, Christopher

From: Lundie, Shawn
Sent: Monday, December 19, 2005 3:06 PM
To: Sundberg, Christopher
Subject: RE: Film Wisconsin draft

I think the bill should "encourage" the visitors bureaus to have a lower rate, but we don't want to mandate it. In addition, you can remove the section of the bill that grants a 15% tax credit to anyone who makes their living as "an artist".

From: Sundberg, Christopher
Sent: Monday, December 19, 2005 1:36 PM
To: Lundie, Shawn
Subject: Film Wisconsin draft

The instructions refer to special industry rates for hotel rooms, created by local convention and visitors bureaus. Can you explain how the draft should handle this?

Christopher Sundberg
Legislative Attorney
Legislative Reference Bureau
(608) 266-9739
christopher.sundberg@legis.state.wi.us

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Sent: Monday, December 19, 2005 1:36 PM
To: Lundie, Shawn
Subject: Film Wisconsin draft

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christopher.sundberg@legis.state.wi.us

Kreye, Joseph

From: Sundberg, Christopher
Sent: Friday, December 02, 2005 9:47 AM
To: Kreye, Joseph
Subject: FW: Message for Christopher Sundberg

Attachments: Executivebriefingfinal_.doc; wisconsin incentives-vers 002.doc; Barrett Letter.pdf

Let's talk about this.

From: Northrop, Lori
Sent: Thursday, December 01, 2005 2:57 PM
To: Sundberg, Christopher
Subject: FW: Message for Christopher Sundberg

From: Lundie, Shawn
Sent: Thursday, December 01, 2005 2:56 PM
To: LRB.Legal
Subject: Message for Christopher Sundberg

Chris,

Senator Kanavas is interested in having a bill drafted to create a program called Film Wisconsin. The Senator would like the bill to contain several tax exemptions and credits to provide an incentive for the film industry to come to Wisconsin. I am not sure if you are the appropriate person to draft this legislation, if you are not, I would appreciate it if you could forward this information to the correct individual.

Background on Film Wisconsin:



Executivebriefingfinal_.doc (1...

Here is the tax information that we would like in the bill:



wisconsin incentives-vers 002...

And the letters of support from Governor Doyle and Mayor Barrett.



Barrett Letter.pdf
(106 KB)

Shawn Lundie
Office of Senator Ted Kanavas
10 South, State Capitol
Madison, WI 53707-7882
(608) 266-9174

FILM WISCONSIN



EXECUTIVE BRIEFING

Job creation. Economic impact. Nurturing a creative workforce. Enhancing the state's image.

FILM WISCONSIN is an exciting new initiative to nurture and sustain Wisconsin's film and media industry. Film Wisconsin advocates for the industry in the global marketplace, provides information and resources on the industry, and is a technical assistance organization for individuals and organizations engaged in film, television, advertising, documentary, corporate video and still photography production in the state.

Film Wisconsin is about:

- Creating jobs and economic impact
- Nurturing and growing our creative workforce
- Partnering with educational institutions to produce filmmakers for the future
- Establishing statewide incentives to make it desirable to create films in Wisconsin
- Marketing the state for all film-related work
- Enhancing the image of the state through the worldwide reach of film

The mission of Film Wisconsin is to nurture, promote and advance a comprehensive Wisconsin film production industry for economic and civic gain to the state and all of its communities. Film Wisconsin, which will maintain a database of all industry professionals and film-related businesses throughout the state, will operate as a private sector not-for-profit 501(c)(6) corporation and will be overseen by film and television professionals. The office will support production companies by identifying the key economic, social and cultural benefits of basing film and television projects in Wisconsin. In addition, Film Wisconsin will work toward the further development of Wisconsin's post-production media industry and investigate emerging technologies such as electronic gaming.

To accomplish these goals, Film Wisconsin will:

- Work with state government to achieve adequate incentives to promote film production in Wisconsin.
- Collaborate and partner with the public and private sector in developing opportunities for new business creation.
- Initiate and support programs that can sustain industry jobs and also create new employment opportunities in the creative and technical sectors.
- Support educational programs for young people who seek career opportunities in the visual media industry.
- Promote the visual media industry in Wisconsin through strategic marketing and public relations.
- Seek out strategic partners for funding support.
- Advise and assist production companies on all matters relative to the development of their film, motion picture, video, commercial, television, and/or still photography projects

- Increase the film and television production opportunities for new and emerging filmmakers.
- Provide a knowledgeable staff that can answer all your location and production-related questions.
- Develop an infrastructure, including construction of a sound stage.
- Act as a liaison between production companies, other state agencies and local governments to ensure a cooperative production experience for everyone.
- Use its Web site to announce upcoming production employment opportunities in Wisconsin.

IMPACT OF MOTION PICTURE PRODUCTION

After Silicon Valley, the film and television production business remains the largest high-tech, high profit, non-polluting industry in the world generating **over \$40 billion** per year. The film industry is economically good for Wisconsin because 50 percent of a production's total budget generally ends up as direct expenditures in the local community where the actual shooting is done.

All types of **film and media productions have an economic impact through a wide array of** industries: purchasing set equipment, hiring a crew base, lodging, restaurant patronage, catering, vehicle rental, gasoline purchase, location fees, security, wardrobe needs, hair supplies, prop purchases, among many other miscellaneous expenses. Filming also brings national and international exposure to local areas.

Without statewide incentives to encourage film production and nurture a creative workforce, film location work in Wisconsin has ground to a virtual halt. The last major motion picture to shoot in the state was "Mr. 3000" which starred comedian Bernie Mac and was shot at Milwaukee's Miller Park in 2003. While the stadium scenes were shot in Milwaukee, all exteriors were shot in New Orleans, where attractive production incentives made it more cost-effective for producers to film. Even with this limited shoot (about two months), the production contributed almost **\$20 million** to the local economy.

By comparison, North Carolina, which ranks third nationally (behind California and New York) in revenues from film, television and commercial production, hosted 88 major productions (17 feature films, 71 television projects and countless TV commercials) in 2004 contributing **\$235 million** in economic impact to the state and generating 20,000 production jobs for state residents. Not stopping at this impressive level, on Aug. 13, 2005, North Carolina Governor Mike Easley signed into law new incentives, which are expected to cost about \$5.4 million a year but is estimated to ultimately have a significant economic impact for North Carolina. The legislation allows a production company that spends at least \$250,000 in the state to receive a tax credit equal to 15 percent for all the goods, services and labor it purchases in North Carolina. The maximum a company can receive is \$7.5 million for a feature film, which would require an investment of \$50 million.

FUNDING FILM WISCONSIN

In order to be competitive in this industry, Film Wisconsin has established an initial annual operating budget of \$500,000, which includes staffed offices in Milwaukee and Madison to provide technical assistance and advocacy, and funds to implement marketing and public relations program to targeted audiences. The organization is actively seeking public and private funding partners.

For further information, contact Scott Robbe - Producer/Director - 608-271-8755 - scottrtd1@earthlink.net or Anne Katz, executive director, Arts Wisconsin, 608-255-8316 - akatz@artswisconsin.org

Proposed Wisconsin Economic Incentive For The Film Industry

Wisconsin already lags far behind other states in competing for jobs, investment and revenue generated by the film production industry. In order to catch up to the states competing the most successfully, a very aggressive set of financial incentives must be implemented to encourage economic growth in our country's number one export industry.

These incentives should include the following:

- ✓ 1) An investment tax credit of 25% that can be claimed for investing in Wisconsin based productions *we don't know* *Motion Picture Investment Act* *?*
- ✓ 2) A comprehensive sales and use tax exemption for machinery, equipment and services used in production and post-production. A 0% tax for all film and television services contracted by out of state production companies. *we don't know*
- ✓ 3) A refundable tax credit of 25% of direct production expenditures for feature films, television movies, episodic and mini-series television, video games and broadcast advertising production. *25% per* *refined language*
- MES [4) A 15% state income tax credit to artists that are Wisconsin residents (with artists being defined as a resident making the majority of his or her income as a painter, sculptor, composer, musician, photographer, graphic designer, author, playwright and/or screenwriter, glassblower, actor, filmmaker.]
- ✓ 5) A 15% state income tax credit for film, television and electronic game production businesses who make a capital investment by starting a business in Wisconsin.
- ✓ 6) An additional 10% increase on the state tax credit (total of 35%) on Wisconsin Income Tax for wages paid to a Wisconsin resident who resides in an economically disadvantaged area. *?*
Production companies must be willing to promote diversity by making a good faith effort to commit to hiring a percentage of minorities in a job training, education or recruitment program.
- 7) Further incentives to lure production business to The State will include the use of State owned buildings and locations free of charge as available, no fees for permits, a dedicated "traffic control" Police Unit during daylight hours at no cost and internal accounting reports on verification of incentive savings to the production company. Local "Visitors & Convention" bureaus will create special "Industry Rates" for hotel rooms that will be based on "room nights" for each production, including local hotel occupancy tax in their flat room rates to the individual production. *CS MES?*

who provides?
(delete for now)

Township - CTS

Dept. of Commerce

STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

1-11-06

05-4176

Sharon — Sen. Kanover 266-9174

▷ artists participating in an accredited production

15% credit for resident artists

ASAP

Credit = 15% of amt earned on an
accredited production

Max credit = 2.

For comparison, We have included the incentives currently offered by various U.S. states with the most successful track record of economic growth based on the building of the film industry as well as incentives offered by three English speaking countries with similar track records of sustained economic growth based on the film industry.

Louisiana

Louisiana offers three tax incentive programs: a point-of-sale tax exemption; a labor tax rebate of up to 20% that can be applied toward the salaries of Louisiana residents; and an investment tax credit of up to 15% that can be claimed for investing in Louisiana-based productions.

New York

Legislation establishing the Empire State Film Production Credit was signed into law on August 20, 2004 by Governor George Pataki. Designed to bring new film and television production into New York State, the program provides a fully refundable tax credit equal to 10% of qualified below-the-line expenditures to qualifying feature films, episodic and mini-series television productions. Additionally, throughout the State, New York provides a comprehensive sales and use tax exemption for machinery, equipment, and services used in production and postproduction.

New Mexico

In March 2002, the State passed a tax credit for 15% of direct production expenditures made in New Mexico that are subject to taxation by the State. The State also offers an exemption of the 6% gross receipts tax, but you cannot qualify for both of these programs.

Canada

The Canadian Federal Government's Film or Video Production Services Tax Credit is primarily for foreign production and has been increased to 16% of Canadian labor costs from 11%. The Canadian Film or Video Production Tax Credit amounts to 25% of expenditures for services provided by Canadians. In order to qualify for this tax credit, either the director or screenwriter and one of the two highest paid actors must be Canadian. Moreover, the production must earn at least six points based on key personnel being Canadian.

Ireland

Artists are considered a national treasure and are exempt from a income tax.

New Zealand

New Zealand has a Large Budget Screen Production Grant (LBSPG) scheme whereby an eligible applicant will be granted a sum totaling 12.5% of the Qualifying New Zealand Production Expenditure (QNZPE). Where the value of the QNZPE is between NZ\$15 million and NZ\$50 million, QNZPE must be at least 70 per cent of the films total production expenditure. Where the value of the QNZPE is NZ\$50 million or more it will qualify for the grant regardless of the percentage ratio of QNZPE to the screen productions total production expenditure. For television series, individual episodes, which have completed principal photography within any 12 month period and with a minimum average spend of NZ\$500,000 per commercial hour may be bundled to achieve the total of NZ\$15 million.



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-4176/P1

JK:.....

mk

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 12-19-05

due 12-30-05

DN

[Signature]

✓+

- 1 AN ACT ...; relating to: creating income and franchise tax credits for expenses
- 2 related to film production services and for capital investments made by a film
- 3 production company, requiring the exercise of rule-making authority, and
- 4 making an appropriation. ✓

Analysis by the Legislative Reference Bureau

This bill creates income and franchise tax credits for film production companies. ✓ Under the bill, a film production company may claim a credit that is equal to 25 percent of the salary or wages paid to the company's employees in the taxable year for services rendered in this state to produce a film, video, electronic game, broadcast advertisement, or television production, as approved by the Department of Commerce (Commerce), and paid to employees who were residents of this state at the time that they were paid. ✓ In addition, the film production company may claim a credit that is equal to 10 percent of the salary or wages paid in the taxable year to any employee who is a member of a minority group, a woman, or any other individual found by Commerce to be socially and economically disadvantaged. ✓ The total amount of the credits that may be claimed by a taxpayer may not exceed an amount that is equal to the first \$25,000 of salary and wages paid to each of the taxpayer's employees in the taxable year, ~~not including the salary or wages paid to the taxpayer's employees in the taxable year,~~ not including the salary or wages paid to the taxpayer's two highest paid employees in the taxable year. If the total amount of the credits claimed by a taxpayer exceeds the taxpayer's tax liability, the state will not issue a refund, but the taxpayer may carry forward any remaining credit to subsequent taxable years. ✓

Under the bill, a film production company may claim an income and franchise tax credit in an amount that is equal to 25 percent of the production expenditures paid by the company in the taxable year to produce a film, video, electronic game, broadcast advertisement, or television production. If the total amount of the credits claimed by the company exceeds the company's tax liability, the state will issue a refund.

The bill also allows a film production company to claim an income and franchise tax credit, for the first 3 taxable years that the company is doing business in this state, in an amount that is equal to 15 percent of the amount that the claimant paid in the taxable year to purchase depreciable tangible personal property or to acquire, construct, rehabilitate, remodel, or repair real property.

Under the bill, tangible personal property and taxable services that are purchased by a film production company and used to produce a film, video, electronic game, broadcast advertisement, or television production in this state are exempt from the sales tax and the use tax.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 20.835 (2) (bm) of the statutes is created to read:

20.835 (2) (bm) *Film production services credit.* A sum sufficient to make the payments under ss. 71.07 (5f) (d) 2., 71.28 (5f) (d) 2., and 71.47 (5f) (d) 2.

SECTION 2. 71.05 (6) (a) 15. of the statutes is amended to read:

71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3s), (3t), (5b), and (5d), (5f), and (5h) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g).

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25; s. 13.93 (2) (c).

SECTION 3. 71.07 (5f) of the statutes is created to read:

71.07 (5f) **FILM PRODUCTION SERVICES CREDIT.** (a) *Definitions.* In this subsection:

1 1. "Accredited production" means a film, video, electronic game, broadcast
2 advertisement, or television production, as approved by the department of
3 commerce, for which the aggregate salary and wages included in the cost of the
4 production for the period ending 12 months after the month in which the principal
5 filming or taping of the production begins exceeds \$100,000 for a production that is
6 30 minutes or longer or \$50,000 for a production that is less than 30 minutes.

7 "Accredited production" does not include any of the following, regardless of the
8 production costs:

9 a. News, current events, or public programming or a program that includes
10 weather or market reports.

11 b. A talk show.

12 c. A production with respect to a questionnaire or contest.

13 d. A sports event or sports activity.

14 e. A gala presentation or awards show.

15 f. A finished production that solicits funds.

16 g. A production for which the production company is required under 18 U.S.C.
17 2257 to maintain records with respect to a performer portrayed in a single media or
18 multimedia program.

19 h. A production produced primarily for industrial, corporate, or institutional
20 purposes.

21 2. "Claimant" means a film production company that operates an accredited
22 production in this state, if the company owns the copyright in the accredited
23 production or has contracted directly with the copyright owner or a person acting on
24 the owner's behalf and if the company has a viable plan, as determined by the
25 department of commerce, for the commercial distribution of the finished production.

1 3. "Disadvantaged individual" means a minority group member, a woman, or
2 any other individual found by the department of commerce to be socially and
3 economically disadvantaged within the meaning given in 49 CFR 26.5.

4 4. "Production expenditures" means any expenditures that are incurred in this
5 state and directly used to produce an accredited production, including expenditures
6 for set construction and operation, wardrobes, make-up, clothing accessories,
7 photography, sound recording, sound synchronization, sound mixing, lighting,
8 editing, film processing, film transferring, special effects, visual effects, renting or
9 leasing facilities or equipment, renting or leasing motor vehicles, food, lodging, and
10 any other similar expenditure as determined by the department of commerce.
11 "Production expenditures" include expenditures for music that is performed,
12 composed, or recorded by a musician who is a resident of this state or published or
13 distributed by an entity that has its headquarters in this state; air travel that is
14 purchased from a travel agency or company that has its headquarters in this state;
15 and insurance that is purchased from an insurance agency or company that has its
16 headquarters in this state. "Production expenditures" do not include expenditures
17 for the marketing and distribution of an accredited production.

18 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
19 taxable years beginning after December 31, 2005, a claimant may claim as a credit
20 against the tax imposed under s. 71.02 any of the following amounts:

21 1. An amount equal to 25 percent of the salary or wages paid by the claimant
22 to the claimant's employees in the taxable year for services rendered in this state to
23 produce an accredited production and paid to employees who were residents of this
24 state at the time that they were paid.

1 2. An amount equal to 10 percent of the salary or wages paid by the claimant
2 to the claimant's employees in the taxable year for services rendered in this state to
3 produce an accredited production and paid to employees who are disadvantaged
4 individuals and who were residents of this state at the time that they were paid. ✓

5 3. An amount equal to 25 percent of the production expenditures paid by the
6 claimant in the taxable year to produce an accredited production. ✓

7 (c) *Limitations.* 1. No amount of the salary or wages paid under par. (b) 1. and
8 2. may be the basis for a credit under this subsection unless the salary or wages are
9 paid for services rendered after December 31, 2005, ✓ and directly incurred to produce
10 the accredited production. ✓

11 2. The total amount of the credits that may be claimed by a claimant under par.
12 (b) 1. and 2. ✓ shall not exceed an amount equal to the first \$25,000 of salary or wages
13 paid to each of the claimant's employees, as described in par. (b), ✓ in the taxable year,
14 not including the salary or wages paid to the claimant's 2 ✓ highest paid employees,
15 as described in par. (b), ✓ in the taxable year. ✓

16 3. No credit may be allowed under this subsection unless the claimant files an
17 application with the department of commerce, at the time and in the manner
18 prescribed by the department of commerce, and the department of commerce
19 approves the application. ✓

20 4. Partnerships, limited liability companies, and tax-option corporations may
21 not claim the credit under this subsection, but the eligibility for, and the amount of,
22 the credit are based on their payment of wages and salaries. ✓ A partnership, limited
23 liability company, or tax-option corporation shall compute the amount of credit that
24 each of its partners, members, or shareholders may claim and shall provide that
25 information to each of them. Partners, members of limited liability companies, and

1 shareholders of tax-option corporations may claim the credit in proportion to their
2 ownership interest. ✓

3 (d) *Administration.* 1. Section 71.28 (4) (e), (g), and (h), ✓ as it applies to the
4 credit under s. 71.28 (4), ✓ applies to the credits under this subsection. ✓ Section 71.28
5 (4) (f), ✓ as it applies to the credit under s. 71.28 (4), ✓ applies to the credits under par.
6 (b) 1. and 2. ✓

7 2. If the allowable amount of the claim under par. (b) 3. exceeds the tax
8 otherwise due under s. 71.02 or no tax is due under s. 71.02, ✓ the amount of the claim
9 not used to offset the tax due shall be certified by the department of revenue to the
10 department of administration for payment by check, share draft, or other draft
11 drawn from the appropriation account under s. 20.835 (2) (bm). ✓

12 **SECTION 4.** 71.07 (5h) ✓ of the statutes is created to read:

13 **71.07 (5h) FILM PRODUCTION COMPANY INVESTMENT CREDIT.** (a) *Definitions.* In
14 this subsection:

15 1. "Claimant" means a person who files a claim under this subsection and who
16 does business in this state as a film production company. ✓

17 2. "Film production company" means an entity that creates films, videos,
18 electronic games, broadcast advertisement, or television productions, not including
19 the productions described under s. 71.07 (5f) (a) 1. a. to h. ✓

20 3. "Physical work" does not include preliminary activities such as planning,
21 designing, securing financing, researching, developing specifications, or stabilizing
22 property to prevent deterioration. ✓

23 4. "Previously owned property" means real property that the claimant or a
24 related person owned during the 2 years prior to doing business in this state as a film
25 production company and for which the claimant may not deduct a loss from the sale

1 of the property to, or an exchange of the property with, the related person under
2 section 267 of the Internal Revenue Code. ✓

3 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
4 taxable years beginning after December 31, 2005, a claimant may claim as a credit
5 against the tax imposed under s. 71.02, up to the amount of the taxes, for the first
6 3 taxable years that the claimant is doing business in this state as a film production
7 company, an amount that is equal to 15 percent of the following that the claimant
8 paid in the taxable year to establish a film production company in this state: ✓

9 1. The purchase price of depreciable, tangible personal property. ✓

10 2. The amount expended to acquire, construct, rehabilitate, remodel, or repair
11 real property. ✓

12 (c) *Limitations.* 1. A claimant may claim the credit under par. (b) 1., if the
13 tangible personal property is purchased after December 31, 2005, and the personal
14 property is used for at least 50 percent of its use in the claimant's business as a film
15 production company. ✓

16 2. A claimant may claim the credit under par. (b) 2. for an amount expended
17 to construct, rehabilitate, remodel, or repair real property, if the claimant began the
18 physical work of construction, rehabilitation, remodeling, or repair, or any
19 demolition or destruction in preparation for the physical work, after December 31,
20 2005, or if the completed project is placed in service after December 31, 2005. ✓

21 3. A claimant may claim the credit under par. (b) 2. for an amount expended
22 to acquire real property, if the property is not previously owned property and if the
23 claimant acquires the property after December 31, 2005, or if the completed project
24 is placed in service after December 31, 2005. ✓

1 4. No claim may be allowed under this subsection unless the department of
2 commerce certifies, in writing, that the credits claimed under this subsection are for
3 expenses related to establishing a film production company in this state and the
4 claimant submits a copy of the certification with the claimant's return.

5 5. Partnerships, limited liability companies[^] and tax-option corporations may
6 not claim the credit under this subsection, but the eligibility for, and the amount of,
7 the credit are based on their payment of amounts under par. (b). A partnership,
8 limited liability company[^] or tax-option corporation shall compute the amount of
9 credit that each of its partners, members[^] or shareholders may claim and shall
10 provide that information to each of them. Partners, members of limited liability
11 companies[^] and shareholders of tax-option corporations may claim the credit in
12 proportion to their ownership interests.

13 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
14 s. 71.28 (4), applies to the credits under this subsection.

15 **SECTION 5.** 71.10 (4) (gxx)^{✓✓} of the statutes is created to read:

16 71.10 (4) (gxx) Film production services credit under s. 71.07 (5f).[✓]

17 **SECTION 6.** 71.10 (4) (gxy)[✓] of the statutes is created to read:

18 71.10 (4) (gxy) Film production company investment credit under s. 71.07 (5h).[✓]

19 **SECTION 7.** 71.21 (4) of the statutes is amended to read:

20 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
21 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), and (5b), (5f), and (5h)[✓] and passed
22 through to partners shall be added to the partnership's income.[✓]

23 History: 1987 a. 312, 411; 1989 a. 31; 1993 a. 112; 1995 a. 27, 400; 1997 a. 27; 2001 a. 16; 2003 a. 99, 135, 255, 326.

SECTION 8. 71.26 (2) (a) of the statutes is amended to read:

1 71.26 (2) (a) *Corporations in general.* The “net income” of a corporation means
2 the gross income as computed under the Internal Revenue Code as modified under
3 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
4 computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)
5 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income
6 under this paragraph at the time that the taxpayer first claimed the credit plus the
7 amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),
8 (1ds), (1dx), (3g), (3n), (3t), and (5b), (5f), and (5h) and not passed through by a
9 partnership, limited liability company, or tax-option corporation that has added that
10 amount to the partnership’s, limited liability company’s, or tax-option corporation’s
11 income under s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from the sale or
12 other disposition of assets the gain from which would be wholly exempt income, as
13 defined in sub. (3) (L), if the assets were sold or otherwise disposed of at a gain and
14 minus deductions, as computed under the Internal Revenue Code as modified under
15 sub. (3), plus or minus, as appropriate, an amount equal to the difference between
16 the federal basis and Wisconsin basis of any asset sold, exchanged, abandoned, or
17 otherwise disposed of in a taxable transaction during the taxable year, except as
18 provided in par. (b) and s. 71.45 (2) and (5).

History: 1987 a. 312; 1987 a. 411 ss. 22, 124 to 129; 1989 a. 31, 336; 1991 a. 37, 39, 221, 269; 1993 a. 16, 112, 246, 263, 399, 437, 491; 1995 a. 27, 56, 351, 371, 380, 428; 1997 a. 27, 37, 184, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; 2001 a. 16, 38, 106, 109; 2003 a. 33, 85, 99, 135, 255, 326; 2005 a. 25.

19 **SECTION 9.** 71.28 (5f) of the statutes is created to read:

20 71.28 (5f) **FILM PRODUCTION SERVICES CREDIT.** (a) *Definitions.* In this subsection:

21 1. “Accredited production” means a film, video, electronic game, broadcast
22 advertisement, or television production, as approved by the department of
23 commerce, for which the aggregate salary and wages included in the cost of the
24 production for the period ending 12 months after the month in which the principal

1 filming or taping of the production begins exceeds \$100,000 for a production that is
2 30 minutes or longer or \$50,000 for a production that is less than 30 minutes. ✓

3 “Accredited production” does not include any of the following, regardless of the
4 production costs: ✓

5 a. News, current events, or public programming or a program that includes
6 weather or market reports. ✓

7 b. A talk show. ✓

8 c. A production with respect to a questionnaire or contest. ✓

9 d. A sports event or sports activity. ✓

10 e. A gala presentation or awards show. ✓

11 f. A finished production that solicits funds. ✓

12 (12) g. A production for which the production company is required under 18 U.S.C.
13 2257 to maintain records with respect to a performer portrayed in a single media or
14 multimedia program. ✓

15 h. A production produced primarily for industrial, corporate, or institutional
16 purposes. ✓

17 2. “Claimant” means a film production company that operates an accredited
18 production in this state, if the company owns the copyright in the accredited
19 production or has contracted directly with the copyright owner or a person acting on
20 the owner’s behalf and if the company has a viable plan, as determined by the
21 department of commerce, for the commercial distribution of the finished production. ✓

22 3. “Disadvantaged individual” means a minority group member, a woman, or
23 any other individual found by the department of commerce to be socially and
24 economically disadvantaged within the meaning given in 49 CFR 26.5. ✓

1 4. "Production expenditures" means any expenditures that are incurred in this
2 state and directly used to produce an accredited production, including expenditures
3 for set construction and operation, wardrobes, make-up, clothing accessories,
4 photography, sound recording, sound synchronization, sound mixing, lighting,
5 editing, film processing, film transferring, special effects, visual effects, renting or
6 leasing facilities or equipment, renting or leasing motor vehicles, food, lodging, and
7 any other similar expenditure as determined by the department of commerce. ✓
8 "Production expenditures" include expenditures for music that is performed,
9 composed, or recorded by a musician who is a resident of this state or published or
10 distributed by an entity that has its headquarters in this state; ✓ air travel that is
11 purchased from a travel agency or company that has its headquarters in this state; ✓
12 and insurance that is purchased from an insurance agency or company that has its
13 headquarters in this state. ✓ "Production expenditures" do not include expenditures
14 for the marketing and distribution of an accredited production. ✓

15 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
16 taxable years beginning after December 31, 2005, a claimant may claim as a credit
17 against the tax imposed under s. 71.23 ✓ any of the following amounts:

18 1. An amount equal to 25 percent of the salary or wages paid by the claimant
19 to the claimant's employees in the taxable year for services rendered in this state to
20 produce an accredited production and paid to employees who were residents of this
21 state at the time that they were paid. ✓

22 2. An amount equal to 10 percent of the salary or wages paid by the claimant
23 to the claimant's employees in the taxable year for services rendered in this state to
24 produce an accredited production and paid to employees who are disadvantaged
25 individuals and who were residents of this state at the time that they were paid. ✓

1 3. An amount equal to 25 percent of the production expenditures paid by the
2 claimant in the taxable year to produce an accredited production. ✓

3 (c) *Limitations.* 1. No amount of the salary or wages paid under par. (b) 1. and
4 2. may be the basis for a credit under this subsection unless the salary or wages are
5 paid for services rendered after December 31, 2005, and directly incurred to produce
6 the accredited production. ✓

7 2. The total amount of the credit that may be claimed by a claimant under par.
8 (b) 1. and 2. shall not exceed an amount equal to the first \$25,000 of salary or wages
9 paid to each of the claimant's employees, as described in par. (b), in the taxable year,
10 not including the salary or wages paid to the claimant's 2 highest paid employees,
11 as described in par. (b), in the taxable year. ✓

12 3. No credit may be allowed under this subsection unless the claimant files an
13 application with the department of commerce, at the time and in the manner
14 prescribed by the department of commerce, and the department of commerce
15 approves the application. ✓

16 4. Partnerships, limited liability companies, and tax-option corporations may
17 not claim the credit under this subsection, but the eligibility for, and the amount of,
18 the credit are based on their payment of wages and salaries. A partnership, limited
19 liability company, or tax-option corporation shall compute the amount of credit that
20 each of its partners, members, or shareholders may claim and shall provide that
21 information to each of them. Partners, members of limited liability companies, and
22 shareholders of tax-option corporations may claim the credit in proportion to their
23 ownership interest.

1 (d) *Administration*. 1. Subsection (4) (e), (g), and (h), as it applies to the credit
2 under sub. (4), applies to the credits under this subsection. Subsection (4) (f), as it
3 applies to the credit under sub. (4), applies to the credits under par. (b) 1. and 2.

4 2. If the allowable amount of the claim under par. (b) 3. exceeds the tax
5 otherwise due under s. 71.23 or no tax is due under s. 71.23, the amount of the claim
6 not used to offset the tax due shall be certified by the department of revenue to the
7 department of administration for payment by check, share draft, or other draft
8 drawn from the appropriation account under s. 20.835 (2) (bm).

9 **SECTION 10.** 71.28 (5h) of the statutes is created to read:

10 71.28 (5h) FILM PRODUCTION COMPANY INVESTMENT CREDIT. (a) *Definitions*. In
11 this subsection:

12 1. "Claimant" means a person who files a claim under this subsection and who
13 does business in this state as a film production company.

14 2. "Film production company" means an entity that creates films, videos,
15 electronic games, broadcast advertisement, or television productions, not including
16 the productions described under s. 71.28 (5f) (a) 1. a. to h.

17 3. "Physical work" does not include preliminary activities such as planning,
18 designing, securing financing, researching, developing specifications, or stabilizing
19 property to prevent deterioration.

20 4. "Previously owned property" means real property that the claimant or a
21 related person owned during the 2 years prior to doing business in this state as a film
22 production company and for which the claimant may not deduct a loss from the sale
23 of the property to, or an exchange of the property with, the related person under
24 section 267 of the Internal Revenue Code.

(b) *Filing claims.* Subject to the limitations provided in this subsection, for taxable years beginning after December 31, 2005, a claimant may claim as a credit against the tax imposed under s. 71.23, up to the amount of the taxes, for the first 3 taxable years that the claimant is doing business in this state as a film production company, an amount that is equal to 15 percent of the following that the claimant paid in the taxable year to establish a film production company in this state:

1. The purchase price of depreciable, tangible personal property.
2. The amount expended to acquire, construct, rehabilitate, remodel, or repair real property.

(c) *Limitations.* 1. A claimant may claim the credit under par. (b) 1., if the tangible personal property is purchased after December 31, 2005, and the personal property is used for at least 50 percent of its use in the claimant's business as a film production company.

2. A claimant may claim the credit under par. (b) 2. for an amount expended to construct, rehabilitate, remodel, or repair real property, if the claimant began the physical work of construction, rehabilitation, remodeling, or repair, or any demolition or destruction in preparation for the physical work, after December 31, 2005, or if the completed project is placed in service after December 31, 2005.

3. A claimant may claim the credit under par. (b) 2. for an amount expended to acquire real property, if the property is not previously owned property and if the claimant acquires the property after December 31, 2005, or if the completed project is placed in service after December 31, 2005.

4. No claim may be allowed under this subsection unless the department of commerce certifies, in writing, that the credits claimed under this subsection are for

1 expenses related to establishing a film production company in this state and the
2 claimant submits a copy of the certification with the claimant's return.

3 5. Partnerships, limited liability companies[^] and tax-option corporations may
4 not claim the credit under this subsection, but the eligibility for, and the amount of,
5 the credit are based on their payment of amounts under par. (b). A partnership,
6 limited liability company[^], or tax-option corporation shall compute the amount of
7 credit that each of its partners, members[^], or shareholders may claim and shall
8 provide that information to each of them. Partners, members of limited liability
9 companies[^] and shareholders of tax-option corporations may claim the credit in
10 proportion to their ownership interests.

11 (d) *Administration.* Subsection (4) (e) to (h)[✓], as it applies to the credit under
12 sub. (4)[✓], applies to the credits under this subsection.[✓]

13 **SECTION 11.** 71.30 (3)[✓] (epp) of the statutes is created to read:

14 71.30 (3) (epp) Film production services credit under s. 71.28 (5f). ✓

15 **SECTION 12.** 71.30 (3)[✓] (epr) of the statutes is created to read:

16 71.30 (3) (epr) Film production company investment credit under s. 71.28 (5h). ✓

17 **SECTION 13.** 71.34 (1) (g) of the statutes is amended to read:

18 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
19 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),
20 (3n), (3t), and (5b)[✓], (5f), and (5h) and passed through to shareholders.

History: 1987 a. 312; 1987 a. 411 ss. 18, 23, 146; 1989 a. 31, 336; 1991 a. 39, 269; 1993 a. 16, 437; 1995 a. 27, 380, 428; 1997 a. 27, 37, 237; 1999 a. 9, 194; 2001 a. 16, 109; 2003 a. 33, 99, 135, 255, 326; 2005 a. 25, 49.

21 **SECTION 14.** 71.45 (2)[✓] (a) 10. of the statutes is amended to read:

22 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
23 computed under s. 71.47 (1dd) to (1dx), (3n), and (5b)[✓], (5f), and (5h) and not passed
24 through by a partnership, limited liability company, or tax-option corporation that

1 has added that amount to the partnership's, limited liability company's, or
2 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) and the amount of
3 credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

History: 1987 a. 312; 1989 a. 31, 336, 359; 1991 a. 37, 39, 269; 1993 a. 16, 112, 263, 437; 1995 a. 27, 56, 371, 380; 1997 a. 27, 37, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; 2001 a. 16, 38, 109; 2003 a. 37, 85, 99, 135, 255, 326.

4 **SECTION 15.** 71.47 (5f) of the statutes is created to read:

5 **71.47 (5f) FILM PRODUCTION SERVICES CREDIT.** (a) *Definitions.* In this subsection:

6 1. "Accredited production" means a film, video, electronic game, broadcast
7 advertisement, or television production, as approved by the department of
8 commerce, for which the aggregate salary and wages included in the cost of the
9 production for the period ending 12 months after the month in which the principal
10 filming or taping of the production begins exceeds \$100,000 for a production that is
11 30 minutes or longer or \$50,000 for a production that is less than 30 minutes.
12 "Accredited production" does not include any of the following, regardless of the
13 production costs:

14 a. News, current events, or public programming or a program that includes
15 weather or market reports.

16 b. A talk show.

17 c. A production with respect to a questionnaire or contest.

18 d. A sports event or sports activity.

19 e. A gala presentation or awards show.

20 f. A finished production that solicits funds.

21 g. A production for which the production company is required under 18 U.S.C.
22 2257 to maintain records with respect to a performer portrayed in a single media or
23 multimedia program.

1 h. A production produced primarily for industrial, corporate, or institutional
2 purposes.

3 2. “Claimant” means a film production company that operates an accredited
4 production in this state, if the company owns the copyright in the accredited
5 production or has contracted directly with the copyright owner or a person acting on
6 the owner’s behalf and if the company has a viable plan, as determined by the
7 department of commerce, for the commercial distribution of the finished production.

8 3. “Disadvantaged individual” means a minority group member, a woman, or
9 any other individual found by the department of commerce to be socially and
10 economically disadvantaged within the meaning given in 49 CFR 26.5.

11 4. “Production expenditures” means any expenditures that are incurred in this
12 state and directly used to produce an accredited production, including expenditures
13 for set construction and operation, wardrobes, make-up, clothing accessories,
14 photography, sound recording, sound synchronization, sound mixing, lighting,
15 editing, film processing, film transferring, special effects, visual effects, renting or
16 leasing facilities or equipment, renting or leasing motor vehicles, food, lodging, and
17 any other similar expenditure as determined by the department of commerce.
18 “Production expenditures” include expenditures for music that is performed,
19 composed, or recorded by a musician who is a resident of this state or published or
20 distributed by an entity that has its headquarters in this state; air travel that is
21 purchased from a travel agency or company that has its headquarters in this state;
22 and insurance that is purchased from an insurance agency or company that has its
23 headquarters in this state. “Production expenditures” do not include expenditures
24 for the marketing and distribution of an accredited production.

1 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
2 taxable years beginning after December 31, 2005, a claimant may claim as a credit
3 against the tax imposed under s. 71.43[✓] any of the following amounts:

4 1. An amount equal to 25 percent of the salary or wages paid by the claimant
5 to the claimant's employees in the taxable year for services rendered in this state to
6 produce an accredited production and paid to employees who were residents of this
7 state at the time that they were paid.

8 2. An amount equal to 10 percent of the salary or wages paid by the claimant
9 to the claimant's employees in the taxable year for services rendered in this state to
10 produce an accredited production and paid to employees who are disadvantaged
11 individuals and who were residents of this state at the time that they were paid.

12 3. An amount equal to 25 percent of the production expenditures paid by the
13 claimant in the taxable year to produce an accredited production.

14 (c) *Limitations.* 1. No amount of the salary or wages paid under par. (b) 1. and
15 2. may be the basis for a credit under this subsection unless the salary or wages are
16 paid for services rendered after December 31, 2005, and directly incurred to produce
17 the accredited production.

18 2. The total amount of the credit that may be claimed by a claimant under par.
19 (b) 1. and 2. shall not exceed an amount equal to the first \$25,000 of salary or wages
20 paid to each of the claimant's employees, as described in par. (b), in the taxable year,
21 not including the salary or wages paid to the claimant's 2 highest paid employees,
22 as described in par. (b), in the taxable year.

23 3. No credit may be allowed under this subsection unless the claimant files an
24 application with the department of commerce, at the time and in the manner

1 prescribed by the department of commerce, and the department of commerce
2 approves the application.

3 4. Partnerships, limited liability companies, and tax-option corporations may
4 not claim the credit under this subsection, but the eligibility for, and the amount of,
5 the credit are based on their payment of wages and salaries. A partnership, limited
6 liability company, or tax-option corporation shall compute the amount of credit that
7 each of its partners, members, or shareholders may claim and shall provide that
8 information to each of them. Partners, members of limited liability companies, and
9 shareholders of tax-option corporations may claim the credit in proportion to their
10 ownership interest.

11 (d) *Administration.* 1. Section 71.28 (4) (e), (g), and (h),[✓] as it applies to the
12 credit under s. 71.28 (4),[✓] applies to the credits under this subsection.[✓] Section 71.28
13 (4) (f), as it applies to the credit under s. 71.28 (4), applies to the credits under par.
14 (b) 1. and 2.[✓]

15 2. If the allowable amount of the claim under par. (b) 3. exceeds the tax
16 otherwise due under s. 71.43[✓] or no tax is due under s. 71.43[✓], the amount of the claim
17 not used to offset the tax due shall be certified by the department of revenue to the
18 department of administration for payment by check, share draft, or other draft
19 drawn from the appropriation account under s. 20.835 (2) (bm).

20 **SECTION 16.** 71.47[✓] (5h) of the statutes is created to read:

21 71.47 **(5h)** FILM PRODUCTION COMPANY INVESTMENT CREDIT. (a) *Definitions.* In
22 this subsection:

23 1. "Claimant" means a person who files a claim under this subsection and who
24 does business in this state as a film production company.

1 2. “Film production company” means an entity that creates films, videos,
2 electronic games, broadcast advertisement, or television productions, not including
3 the productions described under s. 71.47 (5f) (a) 1. a. to h. ✓

4 3. “Physical work” does not include preliminary activities such as planning,
5 designing, securing financing, researching, developing specifications, or stabilizing
6 property to prevent deterioration.

7 4. “Previously owned property” means real property that the claimant or a
8 related person owned during the 2 years prior to doing business in this state as a film
9 production company and for which the claimant may not deduct a loss from the sale
10 of the property to, or an exchange of the property with, the related person under
11 section 267 of the Internal Revenue Code.

12 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
13 taxable years beginning after December 31, 2005, a claimant may claim as a credit
14 against the tax imposed under s. 71.43, up to the amount of the taxes, for the first
15 3 taxable years that the claimant is doing business in this state as a film production
16 company, an amount that is equal to 15 percent of the following that the claimant
17 paid in the taxable year to establish a film production company in this state:

18 1. The purchase price of depreciable, tangible personal property.

19 2. The amount expended to acquire, construct, rehabilitate, remodel, or repair
20 real property.

21 (c) *Limitations.* 1. A claimant may claim the credit under par. (b) 1., if the
22 tangible personal property is purchased after December 31, 2005, and the personal
23 property is used for at least 50 percent of its use in the claimant’s business as a film
24 production company.

1 2. A claimant may claim the credit under par. (b) 2. for an amount expended
2 to construct, rehabilitate, remodel, or repair real property, if the claimant began the
3 physical work of construction, rehabilitation, remodeling, or repair, or any
4 demolition or destruction in preparation for the physical work, after December 31,
5 2005, or if the completed project is placed in service after December 31, 2005.

6 3. A claimant may claim the credit under par. (b) 2. for an amount expended
7 to acquire real property, if the property is not previously owned property and if the
8 claimant acquires the property after December 31, 2005, or if the completed project
9 is placed in service after December 31, 2005.

10 4. No claim may be allowed under this subsection unless the department of
11 commerce certifies, in writing, that the credits claimed under this subsection are for
12 expenses related to establishing a film production company in this state and the
13 claimant submits a copy of the certification with the claimant's return.

14 5. Partnerships, limited liability companies[^] and tax-option corporations may
15 not claim the credit under this subsection, but the eligibility for, and the amount of,
16 the credit are based on their payment of amounts under par. (b). A partnership,
17 limited liability company[^], or tax-option corporation shall compute the amount of
18 credit that each of its partners, members[^], or shareholders may claim and shall
19 provide that information to each of them. Partners, members of limited liability
20 companies[^] and shareholders of tax-option corporations may claim the credit in
21 proportion to their ownership interests.

22 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
23 s. 71.28 (4), applies to the credits under this subsection.✓

24 **SECTION 17.** 71.49 (1) [✓](epp) of the statutes is created to read:

25 71.49 (1) (epp) Film production services credit under s. 71.47 (5f).

✓
1 **SECTION 18.** 71.49 (1) (epr) of the statutes is created to read:

2 71.49 (1) (epr) Film production company investment credit under s. 71.47 (5h).

3 **SECTION 19.** 77.54 (9a) (i) of the statutes is created to read:

4 77.54 (9a) (i) A film production company that produces an accredited
5 production in this state, as defined under s. 71.07 (5f) (a) 1., if the tangible personal
6 property or taxable services are used directly in producing the accredited production,
7 including all stages from the final script stage to the distribution of the finished
8 production.

✓
9 **SECTION 20.** 77.92 (4) of the statutes is amended to read:

10 77.92 (4) “Net business income,” with respect to a partnership, means taxable
11 income as calculated under section 703 of the Internal Revenue Code; plus the items
12 of income and gain under section 702 of the Internal Revenue Code, including taxable
13 state and municipal bond interest and excluding nontaxable interest income or
14 dividend income from federal government obligations; minus the items of loss and
15 deduction under section 702 of the Internal Revenue Code, except items that are not
16 deductible under s. 71.21; plus guaranteed payments to partners under section 707
17 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
18 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3s), (3n), (3t), and (5b), (5f), and
19 (5h); and plus or minus, as appropriate, transitional adjustments, depreciation
20 differences, and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but
21 excluding income, gain, loss, and deductions from farming. “Net business income,”
22 with respect to a natural person, estate, or trust, means profit from a trade or
23 business for federal income tax purposes and includes net income derived as an
24 employee as defined in section 3121 (d) (3) of the Internal Revenue Code.

1 **SECTION 21. Effective date.**

2 (1) SALES AND USE TAX EXEMPTION. The treatment of section 77.54 (9a) (i) of the
3 statutes takes effect on the first day of the 2nd month beginning after publication.

4 (END)

dn

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4176/P1dn

JK:.....

Imk

(date)

✓
Senator Kanavas:

✓
Please review this draft carefully to ensure that it is consistent with your intent. I
relied heavily on language from other states (Illinois and Louisiana, for the most part) ✓
to create the tax credits. ✓ Please note that, because I used certain definitions from
Illinois law, the tax credit for hiring Wisconsin residents created in this bill is similar
to the credit created in 2003 Assembly Bill 976. ✓

This draft does not include a provision to have local convention and visitors bureaus
“encourage” municipalities to establish special industry room rates for film production
because such a provision would have no legal effect and, therefore, its inclusion in the
statutes would be inappropriate. ✓ Please contact me if you have any questions. ✓

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DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4176/P1dn
JK:lmk:ch

December 28, 2005

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① remove ~~in addition~~ priority for major
disadvantaged, etc

② remove the exemption to be credit